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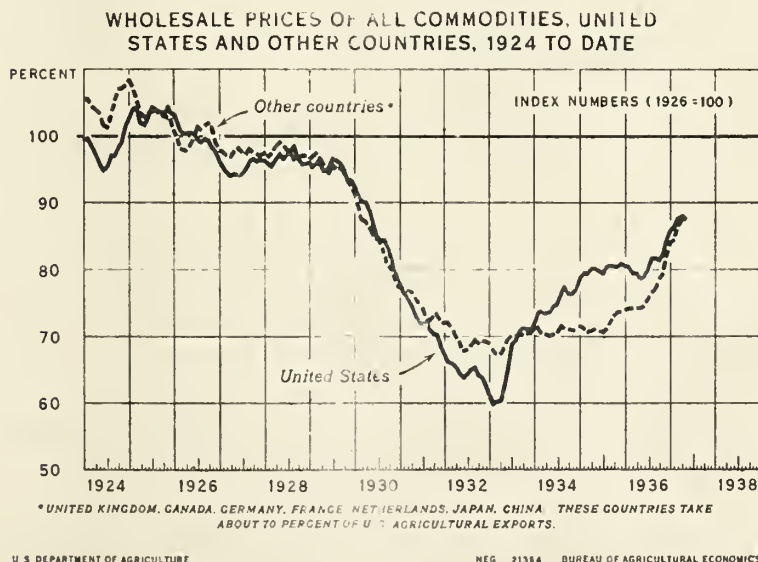
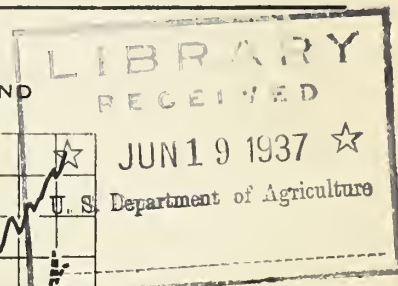
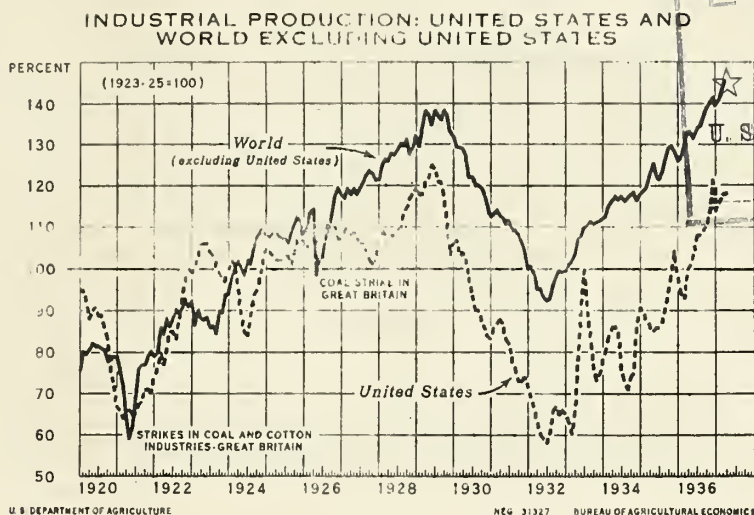
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# THE DEMAND AND PRICE SITUATION

BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

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## DOMESTIC DEMAND

Consumer demand for farm products in the United States probably will remain at approximately the present level during the next several months, although some indications point to a decrease in late summer. Increases over 1936 will become less marked as the season advances.

Industrial production and general business activity have continued the leveling off which began in early spring. The Federal Reserve seasonally adjusted index of industrial production for April was 118, unchanged from March, and weekly index numbers of business activity indicate no material changes in May. Recent strikes in the steel industry have resulted in sharp declines in steel output and in the weekly indices of business which are heavily weighted with steel.

Several factors in the situation point to a greater than seasonal recession in industrial activity before the summer is over, although the longer-time outlook continues relatively favorable. Sales of goods in a number of important industries, particularly textiles, are reported to be well below current output. When the accumulated orders now on hand are filled, production will be decreased unless there is a new wave of buying. That the latter may be somewhat delayed is indicated by meager information regarding inventories of merchandise in dealers' hands and the trend of sales. Buying seems to be returning more to a current needs basis. Building activity continues relatively slow, apparently as a result of the sharp increase in construction costs. The volume of new capital financing also continues small. Strikes add to these unsettling influences.

Despite these and other less tangible evidences pointing to a moderate decline in business activity before winter, many observers count on the general impetus of the recovery movement to carry industry through any temporary period of hesitation. For example, increased volume of traffic in recent years, gradual deterioration of equipment, and increased earnings make the railroads excellent prospective customers of heavy industry this year and for several years to come. Many other lines of business are in a similar position. Larger crops in 1937 will aid the railroads and contribute to increased employment in marketing activities. Recent improvement in farm income, although not likely to continue at the same rate, has greatly increased both current and prospective sales to farmers. Credit is relatively cheap and easy to obtain. In the face of such conditions it is difficult to justify any expectation of an extensive recession in business in the near future.

Minor fluctuations in business are not fully or immediately reflected in the purchasing power of consumers, partly because some of the returns from industrial production are distributed to individuals over a succeeding period of time, partly because the amount of labor employed is more constant than industrial output, and partly because of changes in wage rates and other payments. Thus, the failure of industrial production to continue the upswing experienced in the last half of 1936 has not yet become clearly apparent in statistics on employment, payrolls or national income, which continued to rise through April, the last month for which data are available (see table on last page). For the same reasons, any temporary slackening of business this summer probably will not be accompanied by a proportionate decrease in domestic consumer demand.



## FOREIGN DEMAND

Available information indicates that the general trend of foreign industrial conditions recently has been similar in many respects to that in the United States, with a sobering of speculative sentiment and activity, declines in prices of a number of raw materials, some slowing down in the rate of increase of industrial activity, and "a pause and some apprehension as to the further development of affairs" in business circles generally. Most of these indications are rather intangible, however, and no marked change in the foreign situation during the near future is indicated. Much will depend upon the course of rearmament activity.

Some of the similarities as well as significant differences in the industrial development of various countries during the recovery period described below may throw some light on the significance of recent developments in the world situation. Industrial production in the United States and in most foreign countries reached the depression low point in July 1932, after 3 years of decline which had been more severe in this country. Now, after 5 years of recovery, industrial production in the United States and in the major foreign countries combined is near their respective 1929 levels. (See cover page.)

The recovery of industrial production since 1932 among foreign countries has varied from less than 10 percent in France to 111 percent in Germany. The index of world industrial production, excluding the United States, rose 53 points (or 57 percent) from July 1932 to March 1937 compared with a rise of 60 points (or 103 percent) in the United States (1923-25 = 100).

Wholesale prices in recent years have likewise followed the same general trend in the United States and in 7 foreign countries combined which are the chief foreign markets for our farm products. This trend was very similar from 1925 to September 1931, when devaluation in several foreign countries halted the decline in prices in those countries. The decline in the United States, however, was not checked until early 1933, when a sharp rise followed the suspension of gold payments in April of that year.

During the latter part of 1933 prices in the United States and in foreign countries were about 70 percent of the 1926 average. Prices in the United States rose rapidly in 1934 and early 1935, due partly to the effects of the drought on supplies and prices of farm products, whereas foreign prices were practically constant. Since then foreign prices have advanced sharply, and in April 1937 both foreign and domestic prices were approximately 88 percent of the 1926 level. (See cover page.)

## WHOLESALE PRICES

The general level of wholesale prices in early June, after a temporary rise in late May, resumed its downward trend from the recovery high point reached in early April. Now that a considerable part of the expected decreases in prices of crops has occurred the general level of wholesale commodity prices is not likely to decline much further during the next few months.

Much of the decline since early April was due to the sharp drop in prices of farm products and foods. Prices of commodities other than farm products and foods have been practically unchanged in recent weeks. Since early

April slight gains in prices of hides and leather, fuel, house furnishings and building materials have been offset by declines in prices of chemicals, drugs, metals and textiles.

Prices of raw materials and semi-manufactured articles have declined appreciably in recent weeks, whereas prices of finished products have advanced a little. Compared with a year ago, however, prices of raw materials and semi-manufactured products have risen considerably more than prices of finished products.

The ratio of wholesale prices of farm products to wholesale prices of nonagricultural products for the week ended June 5 was 96 percent of the pre-war average compared with the recovery high point of 103 in early April and 91 a year ago.

Prices in the major foreign countries reached the high point of the recovery period in early April, when prices of several international commodities declined. However, the general level of wholesale prices in England turned upward again in early May and by mid-May were at a new high since February 1930. Prices in England have increased 24 percent in the last 12 months. Prices in France rose 49 percent from April 1936 to April 1937, which was a little more than the corresponding rise in the franc price of gold. Most of this price rise in France occurred in prices of industrial products (61 percent), with prices of agricultural products and foodstuffs gaining only 36 percent.

Prices in Germany have risen only slightly under the prevailing system of price control. Since October, when the price decree was put in effect, wholesale prices in Germany have risen less than 2 percent. Price supervision in Germany has recently been eased a little by the fact that domestic production of new synthetic materials is helping to alleviate the scarcity of raw materials.

The combined index of wholesale prices in the moneys of seven foreign countries which take about 70 percent of our agricultural exports rose one point from March to April, to 88 percent of the 1926 average, the highest since March 1930.

#### PRICES RECEIVED AND PAID BY FARMERS

The general level of prices received by farmers for farm products in mid-May was 128 percent of pre-war, compared with 130 in April and 128 in March, and with 103 in May 1936. Prices paid by farmers for commodities were unchanged from April to May at 134 percent of the pre-war average, compared with 121 percent a year earlier. The ratio of prices received to prices paid by farmers in May was 96 percent of the pre-war average, compared with 97 in both March and April and 85 in May 1936.

Market price developments from May to June indicate that the level of prices received by farmers in mid-June is lower than a month earlier. Market prices of nearly all products except cattle, hogs, and some fruits and vegetables are down. The outlook for the several commodities points to some further lowering of the general level of prices received by farmers during the next month or two, although the effects of the transition from one crop season to another have been discounted to a considerable extent by mid-June.



## FARM INCOME

Preliminary indications of marketings of farm products point to a sharp reduction in the volume of sales of agricultural products from April to May. This was particularly marked in the case of wheat, cotton, and hogs. As a result of the reduced sales and the slight decline in the general level of prices received by farmers during May, cash income from farm marketings failed to make the usual seasonal increase in May and was probably slightly lower than in April. Preliminary indications, however, are that the income from sales of farm products in May was slightly greater than in May 1936.

Because of the very short supplies of grains left on farms, together with a probable continuation of light marketings of hogs and cattle, it is expected that cash income from farm marketings during June will also show less than the usual increase over May, although it may be slightly larger than in June last year.

On the basis of present information as to 1937 crop conditions and acreage planted and the probable marketings of livestock and livestock products, cash income from farm marketings during the second half of this year is likely to be somewhat larger than in the same period last year. Increased marketings of crops probably will contribute most to this increase in income. The volume of marketings of livestock will be smaller than in the last 6 months of 1936, when the drought compelled a considerable amount of liquidation of cattle and hogs, but this decrease in volume will be offset more or less by higher prices. The volume of dairy products will be somewhat larger than in the corresponding period of 1936, and income from these products may be slightly greater. Marketings and income from poultry products may be somewhat smaller.

### WHEAT

Wheat prices in futures markets in the United States have already adjusted to an export basis, but some further adjustment in cash prices, which are still on a comparatively high level on account of the scarcity of old wheat on hand, is likely as market supplies of new wheat increase. Prices in important domestic and foreign markets will continue to be unusually sensitive to crop developments in view of the close adjustment between world wheat requirements and supplies, and prospects that total world supplies in 1937-38 may not be much larger than during the season now ending. The relation of price spreads to exports in past years indicates that the present spread is sufficient to result in the exportation of a considerable quantity of hard red winter wheat. In fact, the present price spread might induce exports in the early months of the season in excess of what might be justified on the basis of supplies and prospective requirements by classes of wheat. While the total wheat production indicated by June 1 condition was placed at about 840 million bushels, spring wheat production, including white spring wheat as well as hard red spring and durum, is now indicated as only 175 - 200 million bushels.

Estimates of area and condition reported to date indicate that the wheat production in the Northern Hemisphere may total about 3,400 million bushels or less, and that with average conditions in the Southern Hemisphere countries, world production, excluding Russia and China, may total 3,800 to 3,850 million bushels, or about 300 million bushels more than in 1936-37. The outturn of the spring wheat crop of the United States, the Canadian crop, and European crops is, of course, still uncertain. Conditions in Southern Saskatchewan and southeastern Alberta have been very dry, and the presence of black stem rust in Nebraska this early in the season is an increased hazard to spring wheat both in the United States and Canada. World stocks of old wheat, excluding Russia and China, on about July 1 seem likely to be reduced to about 500 million bushels, compared with 756 million bushels in 1936 and 675 million bushels, the 1924-28 average. If the prospective world production is realized, the world's wheat supply for the 1937-38 season would be between 4,300 and 4,350 million bushels, or only a little greater than the 4,285 million bushels in 1936-37; and with world disappearance about 3,775 million bushels, stocks at the end of the year would still be below normal.

#### CORN AND OTHER FEED GRAINS

Cash prices of all feed grains declined substantially in late May and early June. The greatest decline was in the price of No. 3 feeding barley at Minneapolis, which dropped 37 cents per bushel from the week ended May 8 to the week ended June 5. During this same period the price of No. 3 yellow corn at Chicago declined about 10 cents per bushel, and the price of No. 3 oats about 3 cents. Some further decline in the general level of feed grain prices below those of early June is to be expected during the next 2 or 3 months, if production of oats and barley is as large as present conditions indicate and prospects for the 1937 corn crop continue favorable. Corn prices are likely to remain high relative to prices of other feed grains and wheat, especially in the Western Corn Belt.

In early June prospects for 1937 feed crops were reported to be generally favorable throughout most of the Corn Belt area, and planting of corn, which was retarded in some areas because of unfavorable weather, has made rapid progress in recent weeks and the early planted corn is reported to be making good growth. The condition of the oats and barley crops on June 1 was about average.

The present feed grain situation is characterized by an unusually wide differential between the price of corn and other grains. For the week ended June 5, the price of No. 3 yellow corn at Chicago, when measured in cents per pound, averaged 11 percent higher than No. 3 hard winter wheat at Kansas City, 47 percent higher than No. 3 oats at Chicago and 48 percent higher than No. 3 barley at Minneapolis. In view of these figures an extensive utilization of these small grains for feeding is in prospect for the summer months.

Arrivals of foreign grain at United States ports indicate that imports in May were somewhat larger than the 6,211,000 bushels imported in April. The weekly arrivals of Argentine corn increased during May but the total for the week ended June 5 was still below the large weekly arrivals in early March. Shipments destined for the United States, however, are considerably larger than at any other time in the present marketing year.



- 7 -

## COTTON

Spot cotton prices at the 10 markets were comparatively stable during May, in contrast to the abrupt rise in prices in March and the rather sharp decline in April. The average for the month of May was 13.12 cents compared with 13.91 in April, 14.15 in March, and 11.56 in May 1936. Prices continued comparatively steady in the first few days of June, but declined in the second week. The averages for the weeks ended June 5 and 12 were 13.00 and 12.39 cents, respectively. Prices of the principal foreign growths of cotton at Liverpool were about the same in May as in the 2 preceding months, but were higher relative to American than at any time during the past year. The price of Egyptian Uppers was especially strong, being higher relative to American than in any month since September 1930.

Reports from trade sources state that practically all of the new crop has now been planted and that weather conditions on the whole during recent months have been favorable for the planting and early growth of the crop.

While domestic mill consumption is still running at a record high level, trade reports state that the high rate of mill activity decreased somewhat during May. Cloth sales have been smaller than mill output since mid-March, but it is reported that the volume of unfilled orders still continues larger than a year ago. Mill margins averaged 17.68 cents in May compared with 18.58 in April and 11.62 cents in May 1936.

Exports of 324,000 bales in May and 5,087,000 bales in the 10 months ended May were 8 percent less in both cases than in the corresponding months last season.

## WOOL

Wool prices declined in the United States in May at country points and in the Boston market but remained well above those of a year earlier. Some weakness also was reported in prices in foreign markets. In view of prospects for continuation of a relatively high level of domestic mill consumption during the early summer and the present short world supplies of wool, further declines in domestic wool prices during the summer months probably will be small.

Supplies of apparel wool in the United States on May 1 probably were larger than a year earlier but they were smaller than the average for the preceding 10 years. The increase over a year earlier was due entirely to larger stocks of foreign wool in this country.

While some decline in the current high rate of mill consumption may occur during the second half of 1937, consumption probably will be fairly well maintained during the early summer in view of unfilled orders now on hand. Supplies now available in this country will not be sufficient for domestic mill requirements during the remainder of the present wool marketing year ending March 1938.

Barring adverse weather conditions in the next few months, it appears probable that wool production in Australia, New Zealand and the Union of South Africa in 1937 will be larger than in 1936. The increase will be offset in part, at least, by a smaller carryover in the Southern Hemisphere at the end of the current season. As yet there is no definite indication of the size of the coming clip in South American countries.

## HOGS

Hog prices this summer probably will average higher than those of last summer, when the Chicago average price from June through September was about \$9.90. Within the next few months it is likely that prices will reach a level higher than that of late May. Slaughter supplies of hogs in the summer and early fall are expected to be considerably smaller than those of a year earlier, especially if corn crop prospects are favorable. This decrease, however, will be about offset by the larger storage supplies of hog products now on hand. Consumer demand for hog products is not expected to change much during the summer months, and for the period as a whole demand conditions probably will be more favorable than they were last summer.

After little change from January through April, hog prices advanced sharply during the second and third weeks of May. For the week ended May 22 the average price at Chicago reached \$11.27, the highest weekly average at that market (excluding processing taxes) since July 1929. Prices declined somewhat in early June, but continued considerably higher than in early May. The sharp rise in prices during May resulted from a marked curtailment in hog marketings. Inspected hog slaughter in May, totaling 2,099,000 head, was 25 percent smaller than in April and was the smallest slaughter for May in more than 40 years. Ordinarily slaughter in May is somewhat larger than in April.

The decrease in hog slaughter during May reflects the earlier-than-usual marketings of fall pigs from some areas and also the delay in marketings of such pigs from other areas. The short supplies of feed grains and the unfavorable hog-corn price ratio resulted in relatively large marketings of fall pigs in March and April. Also in regions where feed supplies are very short, especially in the Western Corn Belt, many producers apparently are carrying hogs on pasture for finishing in the late summer and early fall on the new crop of small grains.

## CATTLE

Prices of most grades of slaughter cattle during the summer and fall months of 1937 are expected to average higher than in the corresponding months of 1936 as a result of probable smaller marketings and a continuation of the present relatively favorable demand situation. The average price of all cattle, however, will be seasonally lower than in the first half of the year. With the smallest number of cattle on feed in the Corn Belt States during the spring in many years, and limited supplies of grain on hand, marketings of grain-fed cattle during the summer and early fall are expected to be much smaller than usual. Although prices of the better grades of slaughter cattle have declined somewhat in recent weeks, some advance in the prices of such cattle is probable during the late summer and early fall. The seasonal decline in prices of the lower grades which usually occurs in the last half of the year is likely to be less than average this year because of the strong demand for feeder cattle and replacement stock in prospect if feed crop conditions are about normal.

Prices of all grades of slaughter steers at Chicago, except choice and prime, advanced in May. Prices of cows and heavy calves also advanced, while prices of veal calves and heifers held about steady. Because of the high feed prices and relatively high prices prevailing for slaughter cattle many partly



finished steers were sold for slaughter account rather than as feeders. Prices of stocker and feeder steers at Kansas City were slightly higher than a month earlier, partly because of the price increases for the lower grades of slaughter steers, and partly because of the marked improvement of pasture conditions in the Corn Belt.

The number of cattle slaughtered under Federal inspection in May totaling 745,000 head, was 7 percent smaller than a month earlier and 5 percent smaller than a year earlier, but was somewhat larger than average for the month. The number of calves slaughtered, totaling 561,000 head, was seasonally smaller than in April, but was the second largest for the month on record, being exceeded only in May 1934.

#### LAMBS

The seasonal decline in lamb prices this summer probably will occur somewhat later than usual, and may be greater than average. The delayed marketings of early lambs combined with the movement of late crop lambs may result in a larger-than-usual increase in lamb marketings in the late summer and early fall.

Prices of spring lambs rose sharply during the first 3 weeks of May, reaching the highest level thus far in the current season. The average price of \$12.63 per 100 pounds for good and choice spring lambs at Kansas City was the highest since 1929, and over \$1 higher than the comparable price last year. Most of the increase in lamb prices over May 1936 resulted from higher wool and pelt values, since prices of all grades of dressed lamb were below those of a year earlier. Prices of spring lambs in late May declined about \$1.25 from their peak, but recovered most of the loss in early June. Prices of slaughter ewes at Chicago were steady during most of May but declined at the end of the month and in early June.

Slaughter of sheep and lambs under Federal inspection in May, totaling 1,371,000 head, was 3 percent larger than in April and 13 percent larger than in May 1936. The increase over a year earlier was due largely to the record movement of Texas grass fat yearlings and spring lambs, since marketings of early lambs from other areas were relatively small. The peak of the spring movement from Texas probably has been passed. The eastern movement of California lambs was much smaller than a year earlier and was later than usual. The early lamb crop in California was smaller than that of a year earlier, and a large number of these lambs did not attain desirable slaughter weight during the spring. Marketings of spring lambs from the Southeastern States got underway in limited volume in late May, and the first Idaho spring lambs arrived at Chicago in early June.

#### BUTTER

Milk production increased sharply during May and total milk production on June 1 was somewhat higher than a year earlier, and about as high as the peak production for that date in 1933. Pastures have improved. Butter production in April was 1.4 percent less than a year earlier, but the outlook for the next few months is for considerably heavier production than in 1936.

Butter prices have declined seasonally. Prices in May averaged the highest for the month since 1930. Prices usually reach the seasonal low in June and there is little seasonal change in prices from May to August. It seems probable that prices during the next few months will not average as high as in 1936, but except for 1936 the highest since 1930.



During the last 2 weeks of May and the first 9 days of June the Agricultural Adjustment Administration purchased about 11,400 tubs or 720,000 pounds of butter on the Chicago and New York Mercantile Exchanges. These purchases have tended to support prices.

The net into storage movement of butter in May was decidedly larger than a year earlier and about the same as the 5-year average.

#### POULTRY AND EGGS

Prices received by farmers for eggs is near its low point for the year and by the end of June is likely to have begun its seasonal advance to December. December prices average about double those of March-June. It is doubtful if the seasonal advance this year will be as great as average. With storage stocks of shell and frozen eggs likely to be above the 1925-34 average at the August peak, their price depressing effect will probably not be entirely offset by consumer incomes, which are slightly above the 1925-34 average. This would tend to keep egg prices in the last half of 1937 at about the same levels as in 1936. By the end of the year, however, and in early 1938, the smaller flocks resulting from the reduced hatch this year - about 15 percent less by June 1 than in 1936 - will tend to lessen the seasonal winter decline and to keep prices above those of 1937 in the spring.

Prices received by farmers for chickens has probably passed its peak for the year. A record stock of frozen poultry in storage will tend to accentuate the usual seasonal price decline during the next 3 or 4 months. The reduction in the hatch will tend to lessen this seasonal decline in the latter part of the year. The outlook now, therefore, suggests a greater than average decline through the summer and a less than average decline, or possibly an advance, from September to December.

#### CITRUS FRUITS

Oranges: The California Navel orange season ended a little earlier than usual, with prices at extremely high levels. Shipments of Florida oranges have been much heavier than usual during the last month and a half, and prices of Florida oranges have declined steadily instead of making the usual seasonal rise. The California Valencia season was begun with prices of this variety at relatively high levels. The supply of California Valencias is very small and more than the usual seasonal rise in prices is expected during the summer and early fall.

The June 1 condition of the new crop of oranges (from bloom of 1937) is reported to be somewhat below average in California, and about average in Florida. Texas orange condition is below that of last year, but well above that of most recent years.

Grapefruit: Florida grapefruit prices made further gains during the last month, and the season will probably end with prices at about normal levels.

The June 1 condition of the new crop of grapefruit (from bloom of 1937) is only fair and is much below the condition reported on June 1, 1936.

Lemons: Prices of California lemons increased during the last month and are now at very high levels. It is expected that further advances will occur before the end of the season.

Due to effects of winter damage, the condition of California lemons is much below average for June 1.

#### PEACHES

A very small crop of peaches is expected in the Southern States which market their crops principally during June and July, but the California crop is expected to be about the same as that of last year and only slightly below average. Production in the States which harvest during the late summer and fall is indicated to be much greater than usual, however, and it is estimated that the total peach crop will be almost a fifth larger than that of last year and only slightly below average.

Early shipments of Georgia peaches sold at relatively high prices, and it is expected that prices of peaches from the Southern States will average higher than they have during any year since 1930. It is probable, however, that prices of the late crop peaches will average somewhat below the relatively high prices of last year.

#### APPLES

The condition of the 1937 apple crop as reported on June 1 is above average in all regions except the far western group of States, where it is about 1 point below average. It is too early to forecast production of apples, but present indications point to a crop larger than the 1928-32 average production of about 165 million bushels. Should such a crop materialize, prices of apples will average considerably below the relatively high prices of last season.

#### STRAWBERRIES

The 1937 crop of strawberries in the late States is estimated to be somewhat larger than the crop of last year and nearly 35 percent greater than the 1931-35 average. Increased production in this group of States is due to increases in both acreage and yields.

Conditions improved during May in several intermediate and second early States, but estimated production of strawberries in these two groups of States this year, while greater than a year earlier, is still considerably below average.

Prices of strawberries declined seasonally during the past month as shipments increased, but thus far prices have remained as high as those of last season. It is likely, however, that prices of strawberries from the late States will average slightly lower than those of a year earlier.

## POTATOES

Potato prices have declined sharply during the past month under the pressure of heavy marketings from the southern States and California. Further seasonal declines are in prospect during the next 3 months. The crop in all of the early areas has had excellent growing weather during recent weeks and is maturing rapidly. Because of a 40 percent increase in acreage and unusually high yields an early commercial crop about two-thirds larger than was harvested last year is indicated. Although a portion of this production has already moved to market (practically all of the Florida, Texas, South Carolina, Alabama and Louisiana potatoes), there remained a considerable portion of the exceptionally large California crop and nearly all of the North Carolina and other second early potatoes. The crops in these areas are indicated to be about four-fifths larger than last year and more than twice as large as the 5-year average crop for these States. This large supply together with a probable increase in the intermediate commercial crop indicates that supplies of new potatoes to be marketed in June and July will be unusually large.

Shipments of new potatoes have increased sharply during recent weeks, with the total for the week ending June 5 approximating 6,300 cars. New potato prices declined from an average of about \$3.77 per 100 pounds in Chicago the first week of May to \$2.02 the first week of June; Alabama's declined from \$3.74 to \$1.80, Louisiana's \$3.72 to \$2.12 and California's from \$3.94 to \$2.06. At New York new potato prices during the last month declined from \$2.82 per 100 pounds (mostly Floridas) to \$1.91 (mostly South Carolinas). Shipments of old stock have declined sharply during May. Prices also declined at Chicago but rose at New York. Idaho Russetts declined from \$2.69 per 100 lbs. at Chicago to \$2.45 during the last month while Maine Green Mountains rose from \$2.01 to \$2.32 at New York City.

## VEGETABLES

Prices of most vegetables are likely to decline at about the usual seasonal rate during the next few months. Market prices of most vegetables dropped rather sharply during the past month as supplies moving to market increased in volume. There were some notable exceptions, however, as prices of celery and carrots advanced sharply. Although a part of the price declines occurring during May was due to seasonal factors, a large part resulted from sharp increases in the volume moving to markets in recent weeks. Growing conditions in many areas have improved materially during the past month and many crops which had been held back made rapid progress toward maturity. The condition on June 1 of 11 out of 18 important vegetables reported upon was higher than a year earlier, and indicates that the volume to be available for market during the summer months will be relatively large.

One of the important price declines during the month occurred in the case of asparagus at New York City, where there was an adjustment from shipped-in to nearby production. Prices of lima beans, snap beans, cabbage, cauliflower, cucumbers, onions, peppers, and spinach, at both New York and Chicago declined sharply as new sources of supplies became available or crops recovered from earlier unfavorable weather conditions. Prices of beets, broccoli, eggplant, lettuce, peas, and tomatoes were reported at about the same level as a month ago or declined only slightly.



Business statistics relating to the demand for farm products, specified periods  
(corresponding data for past years were given in table attached to annual outlook report on demand for 1937)

| Year<br>and<br>month | Nation-<br>al<br>income | Non-<br>agri-<br>cultural<br>income | Building<br>con-<br>tracts<br>awarded | Indus-<br>trial<br>pro-<br>duction | Factory<br>employ-<br>ment | Income<br>indus-<br>trial<br>workers | Foreign<br>indus-<br>trial<br>pro-<br>duction | All<br>commod-<br>ity<br>prices | Retail<br>food<br>prices | Prices<br>received<br>by<br>farmers | Prices<br>paid<br>by<br>farmers | Ratio   |
|----------------------|-------------------------|-------------------------------------|---------------------------------------|------------------------------------|----------------------------|--------------------------------------|---|---------------------------------|--------------------------|-------------------------------------|---------------------------------|---------|
|                      | 1/                      | 2/                                  | 3/                                    | 3/                                 | 4/                         | 5/                                   | 6/  | 7/                              | 8/                       | 9/                                  | 10/                             |         |
| Base<br>period       | 1929                    | 1924-29                             | 1923-25                               | 1923-25                            | 1923-25                    | 1924-29                              | 1923-25                                       | 1910-14                         | 1913                     | 1910-14                             | 1910-14                         | 1910-14 |
| 1929                 | 100                     | 108                                 | 117                                   | 119                                | 105                        | 106                                  | 136   | 139                             | 166                      | 146                                 | 153                             | 95      |
| 1930                 | 93                      | 100                                 | 92                                    | 96                                 | 91                         | 87                                   | 124   | 126                             | 158                      | 126                                 | 145                             | 87      |
| 1931                 | 78                      | 86                                  | 63                                    | 81                                 | 77                         | 67                                   | 110   | 107                             | 130                      | 87                                  | 124                             | 70      |
| 1932                 | 62                      | 67                                  | 28                                    | 64                                 | 66                         | 46                                   | 97  | 95                              | 108                      | 65                                  | 107                             | 61      |
| 1933                 | 57                      | 63                                  | 25                                    | 76                                 | 72                         | 48                                   | 107   | 96                              | 105                      | 70                                  | 109                             | 64      |
| 1934                 | 64                      | 71                                  | 32                                    | 79                                 | 82                         | 60                                   | 116   | 109                             | 117                      | 90                                  | 123                             | 73      |
| 1935                 | 68                      | 75                                  | 37                                    | 90                                 | 86                         | 67                                   | 124   | 117                             | 127                      | 108                                 | 125                             | 86      |
| 1936                 | 76                      | 85                                  | 55                                    | 105                                | 92                         | 77                                   | 134   | 118                             | 130                      | 114                                 | 124                             | 92      |
| Mar.                 |                         | 80                                  | 47                                    | 93                                 | 88                         | 71                                   | 130   | 116                             | 126                      | 104                                 | 121                             | 86      |
| Apr.                 |                         | 81                                  | 47                                    | 101                                | 89                         | 73                                   | 133   | 116                             | 126                      | 105                                 | 121                             | 87      |
| May                  |                         | 82                                  | 46                                    | 101                                | 90                         | 75                                   | 134   | 115                             | 127                      | 103                                 | 121                             | 85      |
| June                 |                         | 83                                  | 52                                    | 104                                | 90                         | 75                                   | 132   | 116                             | 133                      | 107                                 | 120                             | 89      |
| July                 |                         | 85                                  | 59                                    | 108                                | 91                         | 77                                   | 134   | 118                             | 133                      | 115                                 | 123                             | 93      |
| Aug.                 |                         | 85                                  | 62                                    | 108                                | 94                         | 78                                   | 135   | 119                             | 133                      | 124                                 | 126                             | 98      |
| Sept.                |                         | 86                                  | 59                                    | 109                                | 96                         | 77                                   | 138   | 119                             | 134                      | 124                                 | 127                             | 98      |
| Oct.                 |                         | 87                                  | 57                                    | 110                                | 97                         | 81                                   | 139   | 119                             | 131                      | 121                                 | 127                             | 95      |
| Nov.                 |                         | 90                                  | 58                                    | 114                                | 97                         | 84                                   | 140   | 120                             | 131                      | 120                                 | 127                             | 94      |
| Dec.                 |                         | 97                                  | 66                                    | 121                                | 98                         | 87                                   | 141   | 123                             | 131                      | 126                                 | 128                             | 98      |
| 1937                 |                         |                                     |                                       |                                    |                            |                                      |   |                                 |                          |                                     |                                 |         |
| Jan.                 |                         | 88                                  | 63                                    | 114                                | 96                         | 87                                   | 140   | 125                             | 134                      | 131                                 | 130                             | 101     |
| Feb.                 |                         | 89                                  | 62                                    | 116                                | 99                         | 88                                   | 141   | 126                             | 134                      | 127                                 | 132                             | 96      |
| Mar.                 |                         | 90                                  | 56                                    | 118                                | 101                        | 91                                   | 11/146  | 128                             | 135                      | 128                                 | 132                             | 97      |
| Apr. 11/             |                         |                                     |                                       |                                    | 102                        | 94                                   |   | 128                             | 136                      | 130                                 | 134                             | 97      |
| May 11/              |                         |                                     |                                       |                                    |                            |                                      |   | 128                             | 137                      | 128                                 | 134                             | 96      |

Continued -

Business statistics relating to the demand for farm products, specified periods - Cont'd.

NOTES:

Index numbers of factory employment and income of industrial workers, which appeared in the similar table accompanying the annual demand outlook statement of last November, have been revised based on revised data of the Bureau of Labor Statistics.

- 1/ Department of Commerce index of "national income paid out", 1929 = 100. Comprises the payments to or receipts by individuals in the form of wages, salaries, interest, dividends, entrepreneurial withdrawals, and net rents and royalties for these services.
- 2/ Industrial Relations Division of the Agricultural Adjustment Administration, 1924-29 = 100, adjusted for seasonal variation.
- 3/ Federal Reserve Board index, 1923-25 = 100, adjusted for seasonal variation.
- 4/ Bureau of Labor Statistics index, 1923-25 = 100, without seasonal adjustment. Includes
- 5/ Bureau of Agricultural Economics, 1924-29 = 100, adjusted for seasonal variation. Includes factory workers, railroad and mining employees.
- 6/ Bureau of Agricultural Economics, 1923-25 = 100, adjusted for seasonal variation. Weighted average of index numbers of industrial production for nine foreign countries -- United Kingdom, France, Germany, Italy, Japan, Canada, Belgium, Czechoslovakia, and Poland.
- 7/ Bureau of Labor Statistics index, 1910-14 = 100, without seasonal adjustment.
- 8/ Bureau of Labor Statistics index, 1913 = 100.
- 9/ Bureau of Agricultural Economics, August 1909-July 1914 = 100.
- 10/ Bureau of Agricultural Economics, 1910-14 = 100.
- 11/ Preliminary.